

105TH CONGRESS
2D SESSION

H. R. 3643

To amend the Internal Revenue Code of 1986 to increase job creation and small business expansion and formation in economically distressed United States insular areas.

IN THE HOUSE OF REPRESENTATIVES

APRIL 1, 1998

Ms. CHRISTIAN-GREEN (for herself and Mr. UNDERWOOD) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to increase job creation and small business expansion and formation in economically distressed United States insular areas.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. UNITED STATES INSULAR AREA EMPOWER-**
4 **MENT ZONES.**

5 (a) DESIGNATION.—Subsection (b) of section 1391 of
6 the Internal Revenue Code of 1986 is amended by adding
7 at the end the following new paragraph:

8 “(3) UNITED STATES INSULAR AREA EMPOWER-
9 MENT ZONES.—

1 “(A) DESIGNATION.—In addition to the
2 areas designated under paragraph (2), the Sec-
3 retary of Housing and Urban Development
4 shall designate in the aggregate 2 nominated
5 insular areas as empowerment zones under this
6 section, subject to the availability of nominated
7 areas.

8 “(B) PERIOD DESIGNATIONS MAY BE
9 MADE.—Notwithstanding subsection (c), a des-
10 ignation may be made under this paragraph
11 after the date of the enactment of this para-
12 graph and before January 1, 2001.”

13 (b) ELIGIBILITY CRITERIA.—Subsection (a) of sec-
14 tion 1392 of such Code is amended by adding at the end
15 the following new paragraph:

16 “(5) UNITED STATES INSULAR AREA EMPOWER-
17 MENT ZONES.—In the case of a nominated insular
18 area under section 1391(b)(3)—

19 “(A) POPULATION.—Such area has a max-
20 imum population of 200,000.

21 “(B) SIZE.—Such area is the possession of
22 the United States in its entirety.

23 “(C) INAPPLICABLE REQUIREMENTS.—
24 Paragraphs (1), (3), and (4) shall not apply.”

1 (c) DEFINITIONS AND SPECIAL RULES.—Subsection
 2 (a) of section 1393 of such Code is amended by adding
 3 at the end the following new paragraph:

4 “(10) SPECIAL RULE FOR INSULAR AREAS.—In
 5 the case of insular areas—

6 “(A) APPROPRIATE SECRETARY.—The
 7 term ‘appropriate Secretary’ means the Sec-
 8 retary of Housing and Urban Development.

9 “(B) NOMINATED AREA.—The term ‘nomi-
 10 nated area’ means a nominated insular area.

11 “(C) NOMINATED INSULAR AREA.—The
 12 term ‘nominated insular area’ means an insular
 13 area which is nominated for designation under
 14 section 1391(b)(3).

15 “(D) STATE.—The term ‘State’ includes
 16 an insular area of the United States.”

17 (d) LIMITATION ON AMOUNT OF TAX-EXEMPT EN-
 18 TERPRISE ZONE FACILITY BONDS.—Subsection (c) of sec-
 19 tion 1394 of such Code is amended by adding at the end
 20 the following new paragraph:

21 “(3) SPECIAL RULE FOR UNITED STATES INSU-
 22 LAR AREA EMPOWERMENT ZONE.—In the case of an
 23 empowerment zone designated under section
 24 1391(b)(3), paragraph (1)(A) shall be applied by
 25 substituting ‘\$1,000,000’ for ‘\$3,000,000’.”

1 (e) APPLICABLE PERCENTAGE RELATING TO EM-
2 POWERMENT ZONE EMPLOYMENT CREDIT.—

3 (1) IN GENERAL.—Subsection (b) of section
4 1396 of such Code is amended by adding at the end
5 the following new paragraph:

6 “(2) SPECIAL RULE FOR UNITED STATES INSU-
7 LAR AREAS.—With respect to each empowerment
8 zone designated pursuant to section 1391(b)(3), the
9 following table shall apply in lieu of the table in
10 paragraph (1):

“In the case of wages paid or incurred during calendar year—	The applicable percentage is—
2000 through 2004	20
2005	15
2006	10
2007	5.”.

11 (2) CONFORMING AMENDMENT.—Paragraph (1)
12 of section 1396(b) of such Code is amended by strik-
13 ing “paragraph (2)” and inserting “paragraphs (2)
14 and (3)”.

15 (f) DEFINITION OF INSULAR AREA.—Subsection (a)
16 of section 7701 of such Code is amended by adding at
17 the end the following new paragraph:

18 “(47) INSULAR AREA.—The term ‘insular area’
19 means a possession of the United States.”.

1 (g) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to taxable years beginning after
3 the date of the enactment of this Act.

